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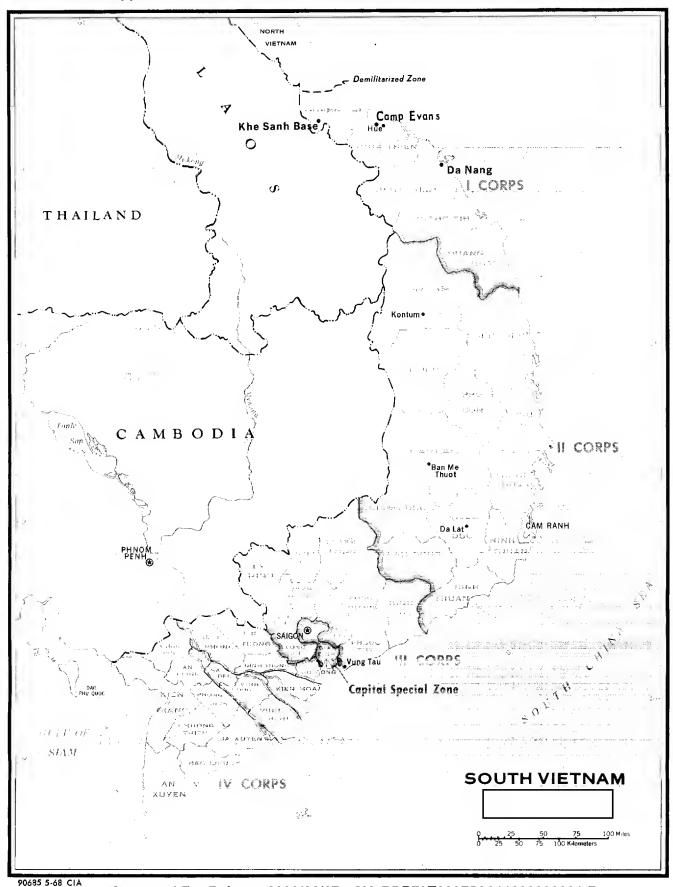
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Vietnam:

South Vietnam: Allied forces continued to encounter stiff enemy resistance to spoiling operations in the Khe Sanh and Da Nang areas on 19-20 May.

US Marine patrols near Khe Sanh fought two sharp battles with companies belonging to the North Vietnamese 304th Division. Both engagements occurred about one mile south-southwest of the base, and together cost the enemy 109 dead against eight US killed. Also in northern I Corps, enemy 122-mm. rocket fire against Camp Evans inflicted heavy damage on the base's ammunition and fuel dumps.

In central I Corps, allied forces continue to maintain heavy pressure against enemy units believed to be massing southwest of Da Nang for an offensive against that city. Since 16 May, nearly 600 Communist troops have been reported killed in this area at a cost of 65 US dead.

* * * *

The Upper House has modified for the time being its earlier objections to the government's general mobilization bill, voting on 18 May to accept a version very similar to the original government proposal.

The Upper House version, however, is only a stop-gap measure. It gives the executive temporary power to mobilize men and resources by using existing decree laws until "new legislation regarding national defense" can be passed. Such future legislation would spell out the government's mobilization powers in considerably greater detail. In the interim, the Upper House plans to adopt a series of recommendations to guide the government during initial mobilization.

(continued)

This version, however, constitutes a complete rejection by the Upper House of the more detailed Lower House version. Accordingly, the Lower House may override the Upper House and write into law its own more restrictive version, if it can muster a two-thirds majority.

North Vietnam: The North Vietnamese delegation in Paris is conveying the impression that it is prepared for long-drawn-out discussions without any prospect of early agreement, even on priority issues.

Ha Van Lau, the deputy head of the delegation, is reported to have told a Japanese correspondent on 18 May that Hanoi considered the US entry into talks as agreement to the DRV's demand that the bombing be stopped. When asked what Hanoi would do if the US refused to stop the bombings, Lau replied, "The talks will continue."

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France: Police demands for pay raises could severely complicate the French Government's efforts to deal with the present crisis.

Although the police have not threatened as yet to join the strikers, the National Union of Policemen has demanded immediate pay raises and has said the police would take action to show their "impatience." The police, whose grievances over low pay are of long standing, have been upset with the government's handling of the crisis.

Contingency plans are being made to bring in the army if necessary, but a police official has indicated that an insufficient number of troops are trained in dealing with civic disorders. Every effort apparently is being made to keep the army out of the situation if possible.

Defense Minister Messmer is concerned over whether regular troops in the Paris area could be relied on in all circumstances.

The government appears to have decided, at least for the present, to avoid an open confrontation with insurgent students and workers. According to police officials, there are no plans to dislodge sit-in protesters by force. A reversal of this policy would probably lead to renewed violence. De Gaulle has not yet spoken out on the mushrooming strikes and protests.

20 members of the center group in the National Assembly will vote against the opposition censure motion scheduled for this week. Thus, even if some Gaullist deputies follow the example of left-winger Rene Capitant and defect, the government should have sufficient votes to defeat the motion.

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Israel: Domestic criticism of its handling of the Jarring mission probably will prevent the government from making any conciliatory moves toward the Arabs.

In yesterday's cabinet meeting, Prime Minister Eshkol was able to obtain an "endorsement in principle" of the government's over-all foreign policy. Several ministers generally regarded as hawks, however, including Minister of Defense Moshe Dayan and Minister of Labor Yigal Allon, were exceedingly critical of Eban's "acceptance" of the Security Council resolution of 22 November and of the transfer of the Jarring talks to New York.

Although the breakup of the National Unity government has been averted for the time being, differences over policies toward the Arabs will continue to strain intra-cabinet relations and may well lead to an open rupture before next year's national elections.

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Argentina: The government plans to acquire two antisubmarine frigates and two submarines to replace ships now on loan from the US.

In a traditional Navy Day speech on 17 May, Admiral Benigno Varela, commander in chief of the Argentine Navy, linked this plan with the need to protect maritime trade in the strategic South Atlantic. Varela pointed out that the only ships in the Argentine Navy with relative combat efficiency are those borrowed from the US and that their use is limited by "unilaterally dictated political clauses."

Argentina hopes to build at least some parts of the four new ships domestically, and has the technological capability to do so. The government may find it cheaper, however, to purchase completed craft, and has held preliminary talks about such a purchase with the British during the past two years. Six minesweepers purchased from Great Britain are to be delivered this year.

The Argentine Navy has been pressing for modernization for several years, but the priority for new equipment has gone to the air force and the army. Varela has been outspoken in his demands for additional funds, and it appears that he has finally won the battle for navy modernization.

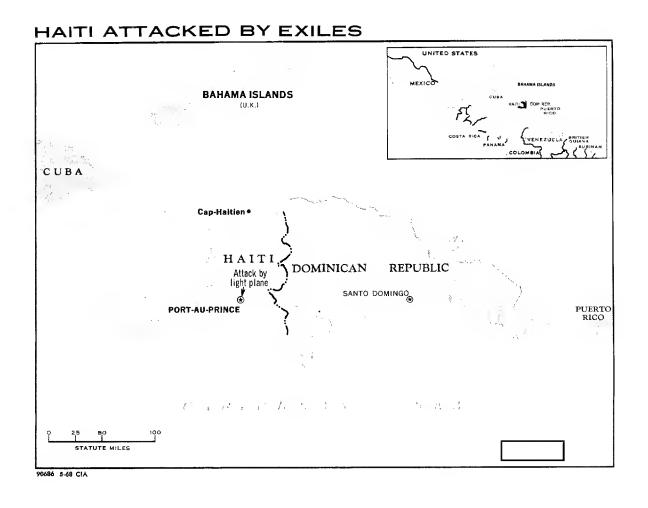
Dominican Republic: President Balaguer's party won last week's municipal elections as expected.

Incomplete returns show the Reformist Party (PR) winning in 54 of the 77 municipalities contested, including patronage-rich Santo Domingo and the country's second largest city, Santiago. Independent slates topped the balloting in nine contests, and the Social Christians won in two. Counting continues in the remaining 12 municipalities.

Approximately 950,000 of an estimated 1.8 million eligible voters turned out. In the 1966 presidential and congressional elections, 1.34 million of the estimated 1.7 million voters went to the polls.

All opposition parties with the exception of the Social Christians boycotted the elections because of alleged government harassment and repression. The left-of-center Dominican Revolutionary Party, which had controlled 13 local governments including Santo Domingo, urged its followers to abstain, charging that the elections were rigged by the PR. Heavy rains on election eve, the normal apathy of the Dominican voter, and the local rather than national character of the elections appear to have held down the vote as much as did the opposition boycott.

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of violence by vario			
disorders designed			
materialized, <u>in pa</u> :	rt because of	heavy secu	ırity
precautions.			



NOTES

Czechoslovakia-USSR: There are no signs that the stalemate will be broken soon. There has been no additional meaningful comment on the talks between Soviet and Czechoslovak leaders, except for brief press announcements that Dubcek and Soviet defense officials met yesterday. The Czechoslovak press claimed "full unity" was reached, while the Soviet press only mentioned-but did not comment on-the talks. The disposition of Soviet troops on the Czechoslovak border remains unchanged.

Haiti: A bombing attack by a light airplane yesterday in the area of the National Palace in Port-au-Prince caused little damage. President Duvalier reacted by placing the military on full alert and the situation in the capital remained calm throughout the day. Reports are circulating in Port-au-Prince, however, that exiles have landed in the north at Cap-Haitien. Duvalier's security forces would be hard pressed if confronted with a sustained effort by a well organized and equipped exile force. (Map)

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